

REACHING HIGHER

Strategic Initiatives for Higher Education in Indiana

College Completion

Affordability

Preparation

Community College

Major Research
Universities

→ **ACCOUNTABILITY**

REACHING HIGHER WITH ACCOUNTABILITY

Embracing Accountability for Results

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INDIANA COMMISSION
for
HIGHER EDUCATION

To thrive as a state and as individuals, all Hoosiers will need to achieve a depth and breadth of education never seen in the state's history. To meet this objective, the Indiana Commission for Higher Education developed and adopted *Reaching Higher: Strategic Initiatives for Higher Education in Indiana (2008)* in six key areas: College Completion, Affordability, Preparation, Community College, Major Research Universities and Accountability. These papers support the Commission's *Reaching Higher: Strategic Directions for Indiana (2007)* by outlining specific initiatives and recommendations for action.

EMBRACING ACCOUNTABILITY FOR RESULTS

In June 2007, the Indiana Commission for Higher Education (ICHE) adopted *Reaching Higher: Strategic Directions for Higher Education in Indiana* as its plan for the future of higher education. Two central and cross-cutting components of the plan are quality and accountability. Specifically, the plan calls for “deliberate attention to developing and implementing various transparent and widely reported mechanisms and measures that not only advance the system as a whole but also support and build upon the strengths of the specific institutions.” As such, the purpose of this document is to further frame and advance discussion regarding the development and implementation of an accountability system for higher education in Indiana.

OVERVIEW

Discussions regarding accountability in higher education have been ongoing at the institutional, state and federal levels for several years. The historical movement behind higher education accountability began in the 1980s with voluntary, internal and institutionally developed performance reviews. The 1990s brought an increased concern for productivity and efficiency coupled with a heightened interest in economic development, leading to the emergence of mandatory, statewide institutional reporting in some states. A few postsecondary institutions saw the forthcoming trend and launched early stages of performance assessment.

In 2000, the National Center for Public Policy and Higher Education created a state-by-state report card for higher education — the first of its kind. The Measuring Up report card was designed to provide policymakers and educational officials with a common and clear tool to assess higher education at a national and state level as a means of informing decisions and policy direction related to higher education. Thirty indicators were used to calculate five out of the six grades in the categories of Academic Preparation, Participation, Affordability, Completion and Benefits. (The category of Student Learning has been deemed immeasurable, and each state was given an “Incomplete” grade.)

In 2004, the State Higher Education Executive Officers (SHEEO) convened a National Commission on Accountability in Postsecondary Education, which was cochaired by former Oklahoma Governor Frank Keating and former U.S. Secretary of Education Richard Riley. Their report concluded that better accountability is a national imperative for higher education and issued a series of recommendations to improve student preparation, public investment in educational priorities, teaching and research, cost-effectiveness, and the availability of key data. For governors, legislators, state boards and executives for higher education, the National Commission recommended the following:

- *Create statewide data systems to help inform policy and budgetary decisions that will close achievement gaps;*
- *Make the transition from high school to college a focus of accountability;*
- *Make investments and improvements in teaching at every level a higher priority; and*
- *Design state policies for appropriations, tuition and student aid to maximize successful enrollment in higher education.*

Most recently, U.S. Secretary of Education Margaret Spellings initiated a new round of discussions about higher education accountability through the work and report of her Commission on the Future of Higher Education. The Spellings Commission was very critical of the lack of accountability and transparency in higher education, especially in reporting outcomes, and called for the following:

To meet the challenges of the 21st century, higher education must change from a system primarily based on reputation to one based on performance. We urge the creation of a robust culture of accountability and transparency throughout higher education. Every one of our goals, from improving access and affordability to enhancing quality and innovation, will be more easily achieved if higher education institutions embrace and implement serious accountability measures.

We recommend the creation of a consumer-friendly information database on higher education with useful, reliable information on institutions, coupled with a search engine to enable students, parents, policymakers and others to weigh and rank comparative institutional performance.

In response to the Spellings Commission's call for greater accountability and transparency, the American Association of State Colleges and Universities and the National Association of State Universities and Land-Grant Colleges, with support from the Lumina Foundation, embarked on a joint effort which, during the spring of 2006, resulted in outlining "a mechanism through which public higher education could become more accountable for student learning and student development while providing additional information to students and families to aid them in the college selection process." This effort is known as the Voluntary System of Accountability (VSA) and includes a College Portrait designed to serve as an institutional report on a combination of student demographic and outcomes-based information such as enrollment, degree completion, cost, student experiences and perceptions, and student learning.

A SYSTEM OF ACCOUNTABILITY FOR INDIANA

Billions of state and federal dollars are invested in higher education annually, and as such, there should be a means to measure and report on the results of these investments. The commitment of Indiana's colleges and universities is crucial if accountability is to be used as an improvement tool. If the institutions do not view the measures as relevant or constructive, it will be hard to use them as motivators. The following text provides a basic framework for designing Indiana's higher education accountability system, but institutional involvement will be necessary at every step if accountability reporting is to affect performance improvement.

Defining the Purpose of Higher Education Accountability in Indiana

The purpose of Indiana's accountability system could be defined as follows:

Higher education accountability in Indiana should provide students, legislators and policymakers, education and business leaders, and other interested parties with accurate and consistent information on systemwide progress toward the goals in higher education as outlined in *2007 Reaching Higher*, including details that support policy development and return on investment.

To support this purpose, the Commission envisions a **two-level approach to accountability**. First, higher education should be assessed at a state level, creating a benchmark to which the state should aspire. This state-level assessment will be dependent on a second, more direct form of accountability on institutional performance. The primary task will be translating and aligning college and university performance more closely with state goals. This will require aligning institutional priorities and state goals and then accurately and consistently informing interested parties on statewide progress toward those goals in ways that provide a basis for making new policy decisions — or measuring current ones.

Developing a State-Level Dashboard of Key Indicators

The Commission's recent *2007 Reaching Higher* document outlines the goals for Indiana's system of higher education under categories of access, affordability, student success, college preparation and contributions to Indiana's economy. These goals should frame the accountability system.

Typically there is a tendency, for the sake of completeness, to report on multiple measures under each broad category in one document. Due to the resulting complexity and lack of focus, many of these documents are soon forgotten after they are published. Indiana would be better served by identifying 10 to 12 core metrics that can be broadly communicated over time. These metrics will capture the core objectives of the *2007 Reaching Higher*. It should be noted that these 10 to 12 core metrics would serve as guideposts from which additional data and indicators may be generated to better understand and analyze issues.

To initiate further discussion toward an agreed-upon dashboard, the following metrics-to-goals are put forward for consideration. It should be noted that the text on each category and the corresponding goal is direct text from the *2007 Reaching Higher*. It also should be noted that it is not the intent of this document to identify or develop specific initiatives under each category but rather to initiate discussion on some key broad indicators that would provide a snapshot of the status of each category. **The “potential indicators” identified on the next page are not definitive but rather are listed as a point for further discussion.**

Access

Offer quality education to Hoosiers — in a variety of desired formats, locations and times.

Indiana must aspire to lead the nation (Top 5) in the college-going rate of its recent high school graduates and make substantial progress (Top 10) in the number of adult, minority and low-income students successfully pursuing a postsecondary education by 2012.

POTENTIAL INDICATORS

- Percentage of high school graduates going directly to college
- Total enrollment of resident first-time students aged 25 and older as a percentage of the resident population aged 25 and older

Affordability

Ensure that all academically qualified Indiana residents are able to study at the postsecondary level irrespective of their financial circumstances.

Indiana must aspire to increase its commitment to need-based financial aid and be a national leader in having a coordinated, transparent and easy-to-access financial aid process for all students by 2009.

POTENTIAL INDICATORS

- Percentage of median family income needed to pay the net cost of college, by postsecondary sector
- Enrollment rates of Twenty-first Century Scholars and Pell Grant recipients

Student Success

Prepare all students with the knowledge, skills and credentials necessary to succeed in the workplace, in the community, in further education, in living enriched lives and in being globally competent citizens.

Indiana must aspire to dramatically improve the number and timeliness of college graduates and become a national leader (Top 10) in retention at each grade level, on-time graduation rates (an associate degree in two years and a baccalaureate degree in four years) and reportable three-year (associate degree-level) and six-year (baccalaureate degree-level) graduation rates, and particularly in graduating at-risk and underrepresented students in higher education (achieve Top 10 status) by 2012.

POTENTIAL INDICATORS

- Number of course completions
- Number of degrees awarded
- Graduation rates (four-year and six-year graduation rates for baccalaureate colleges and universities, and two-year and three-year graduation rates for community colleges)
- Number of students who transfer credit from a community college to a baccalaureate campus and complete a degree

College Preparation

Contribute to ensuring that all recent high school graduates are prepared to immediately start, and succeed in, college-level courses.

Indiana must aspire to dramatically decrease the need for remedial education offerings for recent high school graduates at the college level by 2012 and increase the number of college-ready graduating high school seniors to reflect at least 80 percent of the graduating class by 2012.

POTENTIAL INDICATORS

- Percentage of recent high school graduates enrolled in remedial education
- Percentage of students completing Core 40 and percentage of students completing Academic Honors

Contributions to Indiana's Economy

Contribute to a dynamic, cutting-edge economy by collaborating with government and business to create a well-prepared, world-class workforce to advance human knowledge; enrich the culture; and improve the quality of life of Indiana and its residents through high-quality research and creative activity that, where appropriate, will be supported by an increasing level of external funding.

Indiana must aspire to be among the top Midwestern states in both total and federal research and development expenditures per capita by 2012.

POTENTIAL INDICATORS

- Number of degrees conferred for students aged 25 and older
(This indicator demonstrates progress made by Indiana's higher education system to increase the college attainment of Indiana's population aged 25 and over. It should be noted that increasing the state's college attainment levels is largely dependent on the state's economy, and dramatic progress will not be achieved in short order but rather over a 15- to 20-year period.)
- Royalty and licensing income received from technology transfer activities at colleges and universities
- Number of invention disclosures at colleges and universities
- Total federal science and engineering research and development expenditures per capita

In selecting dashboard indicators, the Commission should be mindful of data availability and current collection processes. Currently, Indiana's colleges and universities annually report a vast amount of high-level data both to the U.S. Department of Education through the National Center of Education Statistics and to the Commission through the Student Information System. As much as possible, Indiana should leverage these existing collection processes to avoid duplication in reporting and added burden on university personnel.

Additionally, the accrediting organizations of Indiana's colleges and universities require the institutions to set performance goals and provide information on graduation rates, admissions and other areas similar to state-level accountability. Although detailed accreditation results are usually not made public, and

accreditation is used to assess institutions (and not to measure progress toward state goals), effort should be extended to align, wherever possible, the accreditation goals and measures with the state's accountability system.

Some new data may need to be collected and assembled or linked to measure the progress toward the *2007 Reaching Higher* goals. For example, the Commission's Student Information System does not currently collect completed student credit hours.

Recommendations/Actions

- The Commission will **convene a group of university-appointed institutional researchers and academic planners** to review, refine and finalize a set of **state-level dashboard indicators** that are aligned to the *2007 Reaching Higher* goals. To increase communication and potentially coordinate efforts, an invitation will be extended to the North Central Association Commission on Accreditation and School Improvement to participate in the group's deliberations. This group will give specific attention to:
 - Selecting indicators that demonstrate **trends** and allow for **state, national and international comparisons** where available,
 - Selecting indicators that include the **public and independent** postsecondary sectors,
 - Leveraging existing collection processes and available data wherever possible, and
 - Developing processes for collecting data elements not readily available but required to support the reporting needs.
- The Commission will **report annually and publicly** the state-level dashboard indicators in a manner that resonates progress on the *2007 Reaching Higher* goals in an easily understood format. The state-level dashboard will consist of 12-15 indicators. The report will be published annually in August beginning with a preliminary baseline report adopted by the Commission in August 2008.

Aligning Institutional Performance Measures with Indiana's Higher Education Goals

Most colleges and universities annually produce a progress report or fact book specifically related or referenced to their institutional strategic plans. To provide a context for reviewing and analyzing performance, many of these reports include data on student demographics, state funding per student, enrollment, tuition and fees, a basic description of program offerings, and characteristics of entering students. This is particularly useful in comparing higher education performance for purposes of institutional peer review. Additionally, each college and university typically measures progress on indicators relative to its mission. It is important that a set of these indicators contributes to supporting progress on the *2007 Reaching Higher* goals and aligns with the developing dashboard indicators as appropriate to that specific campus and its mission. It also is important that the state understand the level at which its investment in higher education is being used efficiently and effectively and understand the efforts being undertaken by

the colleges and universities to ensure such success. These indicators should be reported through a formal process or reporting mechanism between Indiana's colleges and universities and the Commission.

In developing a reporting mechanism for Indiana, the institutional accountability reports should not be used to compare individual institutions or campuses within our state (particularly those institutions serving different missions). Rather, the collection of these reports will inform the relation of a particular institution to the state's goals and the progress being achieved as well as a comparison to the performance of institutions with similar missions. It should be noted that specific attention to highlight special achievements at particular colleges and universities or at the state level may be desirable to preserve the unique nature of Indiana's postsecondary institutions as well as assist in economic and policy development.

Working with Indiana's colleges and universities, the Commission will collect the information in a consistent, coordinated fashion that to the extent possible is aligned to the State's biennial budget process. Much of this information already may be collected through existing processes at both the state and federal levels, and such data will be used to the maximum extent possible. Other items may need to be included and collected through the biennial budget instructions. In any respect, the information collected will be strategic and coordinated to avoid undue burden being placed on colleges and universities.

Recommendations/Actions

- The Commission will support efforts by Indiana's colleges and universities to participate, to the maximum extent possible, in the VSA and specifically the student-learning component. The Commission will assist in securing funds for a VSA pilot that will be targeted for the 2009-2010 academic year.
- As part of the biennial budget process, Indiana's colleges and universities will provide the Commission with an **institutional progress report** that:
 - Identifies **peer institutions**;
 - Outlines their **institutional goals**, how they will **measure progress** toward those goals and **comparisons with their peer institutions**, noting those institutional goals and indicators that support the *2007 Reaching Higher* goals;
 - Documents efforts to increase **institutional quality**, how they are measuring quality, and the results of these efforts and measurements including appropriate peer comparisons; and
 - Identifies **productivity, cost containment and efficiency metrics** used by the institution, as well as strategies for improvement.

Performance Funding

Historically, most states have used input factors (enrollment) as a means of driving state appropriations to higher education. In recent times, some states have provided financial incentives on outcomes-based or performance factors (such as degree completion), but in most cases, the incentives are modest. In the 2007-2009 biennium, Indiana adopted performance-funding incentives for degree completion, on-time graduation and two-to-four-year transfer activity. All of these incentives were based on change over time.

These outcomes-based funding incentives are expected to encourage institutional behaviors. As institutions improve over time, they will be better positioned to reap the rewards of this funding. Although the annual increases may represent a small portion of the entire institutional funding, these strategies will yield substantial dollars once applied over a six-to-10-year period. In further developing an accountability system that is linked to outcomes-based or performance funding, Indiana must acknowledge and be mindful that colleges and universities are large enterprises and that significant change and progress will take time spanning several budget cycles. Still, it is important to develop a culture of focusing on outcomes and expect progress.

Performance contracts are another form of outcomes-based funding being implemented in a few states as pilot projects. Basically, such contracts provide a postsecondary institution with more flexibility from state regulations or restrictions in exchange for certain performance commitments made by the institution. By their nature, performance contracts actually require more, not less, accountability from the institutions. It should be noted that this concept was included as a potential strategy in the recommendations made by the Subcommittee on Higher Education submitted to the Indiana Government Efficiency Commission in 2004.

Recommendations/Actions

- The Commission will recommend **performance-funding incentives** (degree production, on-time graduation and transfer) that began in 2007 in its biennial budget recommendations for 2009-2011.
- The Commission will recommend the **research support adjustment** incentive that began in 2003 in its biennial budget recommendations for 2009-2011.
- The Commission will consider additional ways to incorporate performance-funding incentives into the state higher education funding formula (e.g., **course completions**) as part of the 2009-2011 biennial budget process.

OTHER ISSUES FOR CONSIDERATION

Inclusion of Indiana's Independent Institutions

Working with the Independent Colleges of Indiana, the Commission needs to determine the extent to which independent institutions should participate in the accountability system. Indiana's independent institutions play a vital role in providing access to higher education for Indiana residents and should be included, to the extent possible, in the dashboard indicators. Further discussion needs to take place as to the extent of participation by the independent sector in providing information relevant to their institutional goals and metrics and their alignment to the *2007 Reaching Higher* goals.

Furthermore, Indiana's independent institutions participate in publicly funded financial aid programs, and it is important for the public to understand the return on that investment. At a minimum, Indiana's accountability reports should include data about the independent institutions regarding the extent of their participation in publicly funded programs.

Keeping Accountability Flexible

As new priorities and better measures emerge, Indiana's accountability system should be flexible to change. Assessments of student learning, inclusion of independent institutional data and employment data may change the picture that can be reported to the public and others interested in higher education. One such example is a recent proposal put forth by Dr. Howard Cohen and Dr. Nabil Ibrahim to explore a new metric for measuring graduation efficiency. The proposal attempts to quantify a college's efficiency in producing graduates relative to the size of the full-time equivalent student body (including part-time and transfer students historically not accounted for in traditional graduation rates).

Additionally, as noted in the previously discussed SHEEO recommendations, the recent work of Dr. Art Levine in advancing a new model of education fellowships in Indiana and the *2007 Reaching Higher* plan both include a call for ensuring that teachers produced by postsecondary teacher-preparation programs possess the content-level knowledge of the discipline they will teach and are equipped in methodologies that are relevant, rigorous and connected to engaging today's students. Indiana's Education Roundtable is discussing this topic in relation to Indiana's teacher-preparation programs and work to attract the best and brightest students into the teaching profession and ensure that they have the skills needed to be successful in Indiana's classrooms. As this work moves forward, accountability measures may need to be identified in this area.

The Commission must ensure that Indiana's accountability system is meeting its purpose (e.g., using the best available metrics and data) by establishing a routine review process that occurs at least once every two years.

SUMMARY OF ACCOUNTABILITY RECOMMENDATIONS

1. The Commission will **convene a group of university-appointed institutional researchers and academic planners** to review, refine and finalize a set of **state-level dashboard indicators** that are aligned to the *2007 Reaching Higher* goals. To increase communication and potentially coordinate efforts, an invitation will be extended to the North Central Association Commission on Accreditation and School Improvement to participate in the group's deliberations. This group will give specific attention to:
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 - Developing processes for collecting data elements not readily available but required to support the reporting needs.
2. The Commission will **report annually and publicly** the state-level dashboard indicators in a manner that resonates progress on the *2007 Reaching Higher* goals in an easily understood format. The state-level dashboard will consist of 12-15 indicators. The report will be published annually in August beginning with a preliminary baseline report adopted by the Commission in August 2008.
3. The Commission will support efforts by Indiana's colleges and universities to participate, to the maximum extent possible, in the **VSA** and specifically the student-learning component. The Commission will assist in securing funds for a VSA pilot that will be targeted for the 2009-2010 academic year.
4. As part of the biennial budget process, Indiana's colleges and universities will provide the Commission with an **institutional progress report** that:
 - Identifies peer institutions;
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 - Documents efforts to increase **institutional quality**, how they are measuring quality, and the results of these efforts and measurements including appropriate peer comparisons; and
 - Identifies **productivity, cost-containment and efficiency metrics** used by the institution, as well as strategies for improvement.
5. The Commission will recommend **performance-funding incentives** (degree production, on-time graduation and transfer) that began in 2007 in its biennial budget recommendations for 2009-2011.
6. The Commission will recommend the **research support adjustment** incentive that began in 2003 in its biennial budget recommendations for 2009-2011.
7. The Commission will consider additional ways to incorporate performance-funding incentives into the state higher education funding formula (e.g., **course completions**) as part of the 2009-2011 biennial budget process.